



REPLY TO
ATTENTION OF

218246

DEPARTMENT OF THE ARMY
UNITED STATES ARMY LEGAL SERVICES AGENCY
901 NORTH STUART STREET
ARLINGTON VA 22202-1837

JUL 29, 2009

Regulatory Law and IP Division
U 4191

Subject: Docket 2009-220-C

Charles L.S. Terreni
Chief Clerk and Administrator
SC Public Service Commission
PO Drawer 11649 (29211)
101 Executive Center Drive
Suite 100
Columbia, SC 29210

Re: In the Matter of the Joint Application of Frontier Communications Corporation, New Communications of the Carolinas, Incorporated, New Communications Online and Long Distance, Incorporated, Verizon South, Incorporated, Verizon Long Distance, LLC and Verizon Enterprise Solutions, LLC for Approval of the Sale of Assets and the Transfer of Authority and Certificates
Docket No. 2009-220-C

Dear Mr. Terreni:

Enclosed for filing please find, dated July 29, 2009, the original and 11 copies of Testimony of Charles W. King on behalf of the United States Department of Defense and all other Federal Executive Agencies (DOD/FEA), in the above-referenced proceeding. By copy of this letter and certificate of service, a copy is being served on all parties of record.

Inquiries to this office regarding this proceeding should be directed to the undersigned at (703) 696-2852. My fax number is (703) 696-2960.

Sincerely,


TERRANCE A. SPANN
Attorney for DOD/FEA

Enclosure:
Testimony of Charles W. King, dated 7/30/09

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SC PUBLIC SERVICE
COMMISSION

**BEFORE THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

IN Re: Joint Application of Frontier)
Communications Corporation, New)
Communications of the Carolinas, Inc.,)
New Communications Online, and Long)
Distance, LLC, and Verizon Enterprise)
Solutions LLC for Approval of the Sale of)
Assets and the Transfer of Authority and)
Certificates)

Docket No. 2009-220-C

**TESTIMONY OF
CHARLES W. KING**

On Behalf of
THE DEPARTMENT OF DEFENSE
And
ALL OTHER FEDERAL EXECUTIVE AGENCIES

TERRANCE A. SPANN
Chief
Regulatory Law Office
Office of the Judge Advocate General
U. S. Army Litigation Center
901 N. Stuart Street, Suite 700
Arlington, Virginia 22203-1837

July 30, 2009

RECEIVED
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COMMISSION

DIRECT TESTIMONY OF

CHARLES W. KING

QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is Charles W. King. I am President of the economic consulting firm of Snavelly King Majoros O'Connor & Bedell, Inc. ("Snavelly King"). My business address is 1111 14th Street, N.W., Suite 300, Washington, D.C. 20005.

Q. PLEASE DESCRIBE SNAVELLY KING.

A. Snavelly King, formerly Snavelly, King & Associates, Inc., was founded by the late Carl M. Snavelly and myself in 1970 to conduct research on a consulting basis into the rates, revenues, costs and economic performance of regulated firms and industries. The firm has a professional staff of 12 economists, accountants, engineers and cost analysts. Most of its work involves the development, preparation and presentation of expert witness testimony before federal and state regulatory agencies. Over the course of its 39-year history, members of the firm have participated in over 1000 proceedings before almost all of the state commissions and all Federal commissions that regulate utilities or transportation industries.

Q. HAVE YOU PREPARED A SUMMARY OF YOUR QUALIFICATIONS AND EXPERIENCE?

A. Yes. Attachment A is a summary of my qualifications and experience.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN REGULATORY PROCEEDINGS?

A. Yes. Attachment B is a tabulation of my appearances as an expert witness before state and federal regulatory agencies. It shows that I have testified before the public utility commissions of over 40 states, including South Carolina, and I have

1 appeared before all federal agencies that regulate utilities, transportation and
2 postal services.

3 **Q. FOR WHOM ARE YOU APPEARING IN THIS PROCEEDING?**

4 I am appearing on behalf of the consumer interests of the Department of Defense
5 (“DoD”) representing all Federal Executive Agencies (“FEA”) in South Carolina.
6

7 **INTERESTS OF DoD/FEA**

8
9 **Q. WHY HAS DoD/FEA INTERVENED IN THIS CASE?**

10
11 A. DoD and the FEAs have numerous and varied locations throughout South
12 Carolina. DoD, in particular, has several major installations, including Fort
13 Jackson, Parris Island Marine Corp Depot, Charleston Air Force Base, Shaw Air
14 Force Base, and the Charleston Naval Weapons Station. The Coast Guard has
15 several stations situated along the South Carolina coast. In addition, there are
16 numerous small DoD installations, serving National Guard and Reserve units.
17 Military recruiting stations are distributed throughout the state. Likewise, the
18 FEAs also have installations throughout the state.
19

20 This case involves the transfer of Verizon’s South Carolina exchanges and
21 associated long distance services to Frontier Communications. One major DoD
22 installation, Shaw Air Force Base, is located in a service territory that will be
23 affected by this transition.¹ Numerous Federal offices, including facilities of the
24 Department of Interior - Geological Survey, and offices of the Federal Bureau of
25 Investigation, are located in the Myrtle Beach area, which will also transition to
26 Frontier. It is vital to Federal end users that the transition be made seamlessly and
27 without degradation of service quality or efficiency.

¹ The “official” telecommunications services to the military facilities at Shaw are being performed under contract by Verizon and will continue with Verizon until the expiration of the contract. The “unofficial” services to the base housing and on-base contractors and concessionaires will be transitioned from Verizon to Frontier.

1
2 The DoD/FEA interest, however, goes beyond the locations directly affected by
3 the transition. Most DoD and FEA telecommunications services are procured
4 under contract through competitive bidding procurement. The effectiveness of
5 the competitive procurement process is, of course, dependent upon there being a
6 number of financially strong and technically capable entities that can submit bids.
7 It is therefore important to the DoD/FEA that the South Carolina successor to
8 Verizon, the second largest telecommunications company in the nation, be a
9 viable, financially sound and technologically sophisticated company that will be
10 able to bid competitively in Federal telecommunication procurements, not just in
11 its own service territory, but throughout the state.

12
13 Additionally, the successor to Verizon will be a wholesale provider of services
14 and facilities to competitive retail telecommunications providers. The service
15 quality, performance, practices and operations of this successor must support
16 effective competition among carriers in South Carolina.

17
18 Unfortunately, the record of two recent Verizon spin-offs has not been
19 encouraging.

20
21 **PREVIOUS VERIZON SPIN-OFFS**

22
23 **Q. WHAT PREVIOUS VERIZON SPIN-OFFS ARE YOU REFERRING TO?**

24
25 A. Recently, there have been two major Verizon wireline spin-offs. The first was the
26 sale of the Hawaiian Telephone Company's assets to The Carlyle Group
27 ("Carlyle"). The second was the sale of Verizon's northern New England
28 wireline operations to FairPoint Communications.

29
30 **Q. PLEASE DESCRIBE THE SALE OF HAWAIIAN TELEPHONE.**

1 A. The Hawaiian Telephone Company was created in the 1880's under the laws of
 2 the Kingdom of Hawaii. In the mid-20th century it was acquired by General
 3 Telephone and Electronics, later the GTE Corporation. It became part of the
 4 Verizon family of companies when Verizon acquired GTE in the 1990s. In 2004,
 5 Verizon sought approval to sell its Hawaiian assets to Carlyle, a private equity
 6 enterprise. Carlyle would create a new entity, Hawaiian Telcom, Inc. ("HT"), that
 7 would provide the local exchange services previously offered by Hawaiian
 8 Telephone. The applicants in that case stated that after the transition HT "will
 9 have the financial fitness and ability to fund the continuing operations of Verizon
 10 Hawaii through the revenue generated from the existing and proposed
 11 operations."² Likewise, the applicants stated that they ". . . acknowledge the
 12 importance of ensuring a seamless transition for customers and have conducted a
 13 rigorous process to select a world-class systems integrator to replicate the full
 14 functionality of the systems currently provided by Verizon."³ In 2005, The Public
 15 Utilities Commission of Hawaii ("HPUC") approved the transfer subject to
 16 numerous conditions.⁴

17
 18 In its decision approving the sale, the HPUC stated that it would initiate an
 19 investigation of HT's service quality approximately six months after HT assumed
 20 the back-office operations that Verizon previously provided on a national basis to
 21 all of its service territories, including Hawaii. This service quality proceeding,
 22 HPUC Docket No. 2006-0400, confirmed that the transition from Verizon was far
 23 from seamless or harmless to customers. Although the HPUC has not yet
 24 rendered a decision in that proceeding, it is undisputed that for more than a year
 25 following the cutover from Verizon's back-office operations, HT was unable to
 26 collect data – even manually – as to six service standards for which the HPUC

² Application, Docket No. 04-0140, June 21, 2004, pp. 13-14.

³ *Id.*, p. 15.

⁴ Docket No. 04-0140, Decision and Order No. 21696, March 16, 2005.

1 required reports.⁵ Thus, the full extent of the problems associated with the
2 transfer could not even be quantified.

3
4 As to the seven service standards for which HT was able to file reports, five dealt
5 with call answering time. HT's ability to answer calls was lacking compared to
6 the experience under Verizon. For example, during the nine months following the
7 cut-over, HT's percent of residential installation and billing office calls answered
8 in 20 seconds ranged from a low of 8.01 percent to a high of 70.37 percent,
9 compared to the objective of 85 percent and Verizon's 2005 percentage of 87.46
10 percent. Likewise, the answering time achieved for business installation and
11 billing office calls following the cut-over ranged from 12.83 percent to 78.82
12 percent compared with the objective of 85 percent and Verizon's achieved rate in
13 2005 of 88.23 percent.⁶ In an effort to repair the damage caused by the non-
14 functioning systems, HT had to replace the contractor working on the transition.⁷

15
16 HT admitted in its pleadings that service suffered as a result of the transition from
17 Verizon and that it created erroneous bills and was unable to handle adequately
18 incoming calls.⁸ HT candidly admitted that "... the cutover did unfortunately
19 create some negative impacts on its customers."⁹ Finally, HT agreed with the
20 assessment of the Consumer Advocate that its "... retail customers following
21 cutover experienced long waiting times to reach [its] contact center, extremely
22 slow and long transaction processing times, high levels of fall out, long waiting
23 times to repair, missed or delayed installation and repair commitments and billing
24 errors."¹⁰

25

⁵ HT's Post-Hearing Brief, HPUC Docket No. 2006-0400, filed November 9, 2007 at p. 118, note 101. The missing reports included crucial data such as the percent of trouble reports cleared within 24 hours, the percent of installation and repair commitments met and customer trouble reports per 100 lines.

⁶ HT's February 15, 2007 Statement of Position, HJOPC Docket No 2006-0400, pp. 39-41.

⁷ *Id.*, pp. 74-77.

⁸ *Id.*, pp. 53-57.

⁹ HT's August 31, 2007 Final Position Statement, HPUC Docket No. 2006-0400, p. 21.

¹⁰ *Id.*, p. 7.

1 The cutover from Verizon's back-office operations also caused significant
2 problems for HT's wholesale customers. One Competitive Local Exchange
3 Carrier ("CLEC"), Time Warner Telecom of Hawaii, L.P. ("TWTC"),
4 summarized the problems as follows:

5 HT's conversion to its new back office systems was a failure by any
6 measure. Immediately following cutover, virtually none of the
7 wholesale back office systems were functioning. Today, 19 months
8 after cutover, they are still not functioning at the same level as the
9 Verizon systems. Although HT has made significant progress in
10 addressing its issues, those efforts are not complete.

11 HT violated the Merger Decision and the Stipulation by failing to
12 provide the same or similar functionality for wholesale service as
13 previously provided by Verizon, and by failing to remain on the
14 Verizon systems until HT's new systems were fully tested and
15 operational. These violations significantly harmed TWTC and HT's
16 other customers.¹¹
17

18
19 In summary, the applicants in the Hawaii sale promised a seamless transition to
20 HT's back-office systems, but the record in that case -- including HT's own
21 pleadings -- shows that both wholesale and retail customers suffered significantly
22 from the failure of automated systems, dropped calls, long call answering and
23 holding times, billing errors and costly manual efforts to correct the deficiencies.
24 HT was not able to track repair and installation times, so that data for these
25 critical service quality metrics could not even be assessed in determining the
26 adverse effects of the transition to HT's systems.

27
28 On December 1, 2008, HT filed for Chapter 11 bankruptcy protection.¹² The
29 public explanation for the bankruptcy was excessive debt load, but the costs and
30 lost customers resulting from HT's poor service quality probably contributed to
31 the Company's inability to service its debt.

¹¹Time Warner Telecom of Hawaii, L.P., dba Oceanic Communications' Post-hearing Brief, HPUC Docket No. 2006-0400, November 9, 2007, p. 2. (footnote omitted). The text of the brief contains a detailed description of HT's numerous failures in connection with providing wholesale service after acquiring the Verizon exchanges, and the adverse impact that the failures had on Time Warner and its customers.

¹²See Hawaiian Telcom Communications, Inc., Securities and Exchange Commission Form 8-K filed December 1, 2008, and HT's December 1, 2008 Press Release contained in that filing.

1

2 **Q. PLEASE DESCRIBE VERIZON'S SALE OF NEW ENGLAND**
3 **OPERATIONS TO FAIRPOINT.**

4

5 A At the beginning of 2007, FairPoint Communications ("FairPoint") was an
6 incumbent local exchange telecommunications company with about 330,000
7 access lines. In that year, Verizon New England, Inc., FairPoint, and affiliated
8 firms announced a planned \$2.4 billion transaction, generally similar to that
9 proposed in South Carolina, under which FairPoint would obtain Verizon's
10 landline businesses in Maine, New Hampshire and Vermont.

11

12 The proposed transaction was controversial and the implementation of the sale
13 was seriously flawed in all three of these states. In Vermont, for example, the
14 Public Service Board initially denied the application. The petitioners submitted a
15 revised proposal, in which they improved the transaction from the standpoint of
16 ratepayers in several ways. The revised proposal bettered FairPoint's financial
17 standing after the acquisition by substantially reducing the initial debt and
18 decreasing dividends. In addition, the proposal was revised to include a
19 Performance Enhancement Plan, which was designed to prompt more investment
20 and improve service quality by mandating that FairPoint set aside funds when it
21 fails to meet certain specified service standards. Also FairPoint agreed to an
22 independent monitor of the transition from Verizon's systems to its own, with the
23 objective of making the transition more seamless and further safeguard
24 consumers.¹³

25

26 The Vermont Public Service Board approved the transfer with additional
27 conditions on February 15, 2008.¹⁴ Recently, the Board noted that it continues to
28 receive "unprecedented levels" of complaints since FairPoint began operating
29 under its own systems rather than Verizon's on Feb. 9, 2009, ranging from billing

¹³ Vermont Public Service Board Docket No. 7270, Order entered February 15, 2008.

¹⁴ *Id.*

1 errors, to repair and delivery problems and trouble reaching customer service
2 representatives.¹⁵ However, the problems continue. Indeed, service has
3 deteriorated to the extent that the Board has called for an investigation into
4 whether the Company should be allowed to continue its operations in the state if it
5 cannot overcome its customer service, billing, and operational problems.¹⁶¹⁷

6
7 On July 1, 2009, FairPoint's new CEO, David Hauser, candidly acknowledged
8 that FairPoint's reputation has been damaged by operational problems following
9 the takeover of Verizon's northern New England landline telephone and Internet
10 business. Attachment D to this testimony is a complete copy of Mr. Hauser's
11 statement.

12 On May 5, 2009 FairPoint indicated in its First Quarter Report that it was
13 "considering engaging a financial advisor to evaluate its current capital structure
14 and to explore options with respect to a potential restructuring." It also
15 acknowledged that it was "at risk of failing to comply with the interest coverage
16 covenant contained in its credit facility as early as the covenant measurement
17 period ending June 30, 2009."¹⁸

18 **Q. WHAT IS THE LESSON FROM THESE PREVIOUS VERIZON SPIN-**
19 **OFFS?**

20 **A.** Both the Hawaii and the FairPoint transactions were described as seamless and of
21 no harm to consumers, much as this transaction in South Carolina has been
22 described by Frontier and Verizon. Events proved otherwise in each case. In view
23 of this history, the Commission must view with great suspicion any statements by
24 Verizon and Frontier that there will be no impact on customers from the transfer.

25

¹⁵ Associated Press, Lisa Rathke, July 15, 2009.

¹⁶ Vermont Docket No. 7270 Information Page at <http://www.state.vt.us/psb/document/>

¹⁷ This testimony has focused on Vermont, but the problems exist in the other states as well. For example, on July 29, 2009, the day before this testimony filing, the *Bangor Daily News* reported that the Maine Public Utility Commission refused to waive the financial penalties that FairPoint had incurred for poor service performance.

¹⁸ FairPoint Communications SEC Form 10-Q, March 31, 2009, page 46.

1 It is important that this Commission establish safeguards to ensure that the
2 difficulties that arose in these previous spin-offs will not be repeated in South
3 Carolina.

4
5 **OBJECTIVE OF THIS INTERVENTION**

6
7 **Q. DO YOU OPPOSE THIS TRANSACTION?**

8
9 A. Not necessarily. With adequate and focused safeguards, this transaction should
10 be in the public interest. As Frontier's witness states in his testimony, Frontier is
11 a rurally oriented local exchange carrier with many years of experience.¹⁹ It
12 appears eager to expand the scope of services offered in South Carolina,
13 particularly high-speed Internet service. To deny this transaction would be to
14 require Verizon to continue to serve exchanges it would prefer to exit and
15 customers it would prefer not to have. This would not be a prescription for
16 reliable, efficient and responsive telecommunications service.

17
18 **Q. WHAT, THEN, IS YOUR CONCERN IN THIS PROCEEDING?**

19
20 A. I am concerned that the transition from Verizon to Frontier be as seamless as
21 possible and that there be no cost increases or service quality losses. In this
22 testimony, I recommend several conditions that should be imposed on Frontier as
23 part of the approval of the transaction. If Frontier is prepared to meet the
24 commitment it has made to transparency and seamlessness, then these conditions
25 should be altogether painless.

26
27 These conditions relate to two principal areas of concern to me. The first area is
28 the financial health of the South Carolina operation. The second is the
29 maintenance of adequate service quality in the South Carolina exchanges.

30

¹⁹ Direct Testimony of Daniel McCarthy, page 4.

FINANCIAL HEALTH OF SOUTH CAROLINA OPERATIONS

Q. WHY ARE YOU CONCERNED ABOUT THE FINANCIAL HEALTH OF THE SOUTH CAROLINA OPERATIONS?

A. Some historical numbers describing Frontier will explain this concern:

| | Frontier Communications Corporation²⁰ | | | | | |
|--------------------------|---|-----------|-----------|-----------|-----------|-------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 5-Yr Total |
| Earnings per Share | \$ 0.23 | \$ 0.60 | \$ 1.06 | \$ 0.65 | \$ 0.57 | \$ 2.90 |
| Dividends per Share | 2.50 | 1.00 | 1.00 | 1.00 | 1.00 | 6.50 |
| Long-term Debt Borrowing | 700,000 | - | 550,000 | 950,000 | 135,000 | 2,335,000 |
| Common Stock Buybacks | | (250,000) | (135,239) | (250,000) | (200,000) | (835,239) |
| Dividends Paid | (832,768) | (338,364) | (323,671) | (336,025) | (318,437) | (2,149,265) |

This table demonstrates that Frontier has repeatedly issued dividends well in excess of its net income, and it has in effect financed those dividends through long-term borrowing. It appears from these numbers that not a penny of the Company's recent borrowing has gone into plant or equipment. Instead, it has gone to shareholders.

Frontier has promised to reduce its post-transaction dividend to \$0.75 per share. Unless earnings per share improve dramatically, this reduction will still result in a dividend greater than net income. A \$0.75 dividend is still over 30 percent greater than the Company's 2008 earnings per share.

As a result of this over-generous dividend policy, Frontier's stock price, currently at about \$6.90 per share, is over four times its book value. Even at the reduced

²⁰Source: Frontier Communications Annual Report Forms 10-K to the Securities & Exchange Commission

dividend of \$.75, the dividend yield is just under 11 percent. This very high dividend yield indicates that investors have little expectation of further stock appreciation, not a good harbinger for the future.

This strategy of paying shareholders with long-term debt borrowing is unsustainable. The book value of Frontier's equity is now only about ten percent of the total asset value of the Company. Thanks to Frontier's very generous treatment of its shareholders, the market value of its equity is considerably higher, about 35 percent. But Frontier cannot continue indefinitely to issue dividends greater than its net income. Either it must dramatically increase its earnings per share, or it must reduce further its dividend. If it reduces its dividend, the market value of its stock will likely decline and the Company will become severely over-leveraged.

Frontier must change its ways; otherwise it will be unable to raise further capital. Even now, Frontier bears an S&P rating of BB, below the level acceptable for investment in pension and benefit funds. Any further deterioration of Frontier's financial condition will constrain Frontier's access to both debt and equity capital, and that will threaten the investments that Frontier has indicated that it will make in its newly acquired South Carolina exchanges.

Q. WHAT WILL BE THE EFFECT OF THIS TRANSACTION ON FRONTIER'S HEALTH?

A. Frontier is absorbing an entity twice its size:²¹

| | <u>Frontier</u> | <u>Verizon Lines ("SpinCo")</u> |
|---------------------|-----------------|---------------------------------|
| Lines | 2,254,333 | 4,790,673 |
| Revenues (Millions) | \$2,137 | \$4,287 |

²¹ Presentation of Frontier Communications at the Barclays Capital Worldwide Wireless and Wireline Conference, May 2009, pages 19 and 24.

There are important financial and service implications from his relationship. The principal financial implication is that Frontier's balance sheet and income statement will be very significantly impacted by the debt/equity mix and profitability of the newly acquired exchanges. In the near term, the impact will be quite positive. The approximately 60 percent (\$5,247 million) of the value of the transferred assets (\$8,580 million) will take the form of a transfer of equity. Verizon will create a temporary corporation, called "SpinCo," the stock of which will be distributed to Verizon's existing shareholders. That stock will then be transferred to Frontier, so that each Verizon shareholder will become a shareholder in Frontier. This is essentially a cost-free transaction for both Frontier and Verizon. The remaining 40 percent (\$3,333 million) will be debt (or debt relief) that the new entity, SpinCo, will pay to Verizon.²²

The result of this transaction will be a Frontier that is considerably less leveraged than the existing company. Its equity proportion of total capital will increase from 35 percent to 49 percent, and its debt proportion will fall correspondingly from 65 percent to 51 percent. The ratio of net debt to Earnings Before Interest, Taxes, Deprecation and Amortization ("EBITDA") will decline from 3.8 times to 2.2 times. Other ratios will improve as well, although not quite so dramatically. The ratio of EBITDA to total revenue will increase from 54.3 percent to 55.7 percent, and the free cash flow per share of stock will increase from \$1.58 to \$1.75.

Q. WILL THESE IMPROVED FINANCIAL RATIOS ALLEVIATE YOUR CONCERN ABOUT FRONTIER'S FINANCIAL HEALTH?

A. No. I am concerned that this improvement in Frontier's financial condition will serve merely to perpetuate the past pattern of paying shareholders more than the earnings of the Company. Unless Frontier is willing to limit its dividends to the

²² *Id.*, pages 15 and 19.

1 level of earnings per share, it will again erode its ability to raise capital for the
2 investments needed to expand services to its customers in South Carolina.

3
4 **Q. WHAT CAN THE SOUTH CAROLINA PUBLIC SERVICE**
5 **COMMISSION DO ABOUT THIS SITUATION?**

6
7 A. I doubt that the South Carolina Commission is interested in micro-managing
8 Frontier, or that it wishes to dictate the nation-wide financial policies of the
9 Frontier Communications Corporation. The Commission's focus is on
10 telecommunications services in South Carolina.

11
12 South Carolina will be served by a subsidiary of Frontier called Frontier
13 Communications of the Carolinas, Inc. That subsidiary will certainly prepare a
14 balance sheet, income statement and cash flow statement each year. The income
15 statement will identify the income for the previous year. The cash flow statement
16 will identify the dividends that the Company pays to its parent.

17
18 The South Carolina Commission should condition its approval of this transaction
19 on a requirement that Frontier Communications of the Carolinas will not in any
20 year issue dividends that exceed the level of its net income. This provision will
21 help keep South Carolina secure from any raid by the parent company on the cash
22 generation of the subsidiary serving the state. In a small way this condition may
23 also discourage the parent company from distributing more dividends to its
24 shareholders than it earns from its operations.

25
26 To deal with the prospect that Frontier will again move to an over-leveraged
27 condition, I recommend safeguards be developed similar to the following
28 language from the Oregon Public Utilities Commission's May 11, 2009 approval
29 of the merger of CenturyTel, Inc. and Embarq Corporation:

30
31 At any time when the condition in subsection (i) [below] exists, the
32 Operating Companies of the merged company will limit payments of

1 dividends on common equity distributed to any company (including
2 affiliates and subsidiaries) of [Frontier] holding shares of the operating
3 companies in any year to an amount not more than 50% of net income in
4 the preceding fiscal year. The Operating Companies will limit payment
5 of dividends on common equity in any quarter, if dividends are
6 distributed quarterly, to not more than one-fourth of the annual limitation
7 amount.

8
9 (i) The average market value of [Frontier's] common equity is less than
10 50 percent of the book value of [Frontier's] net debt. The average
11 market value of [Frontier's] common equity will be calculated using
12 the average stock price and the average number of fully-diluted shares
13 outstanding during the preceding 120 calendar days. As used in this
14 section, "net debt" means total long-term debt less cash. This test will
15 be calculated prior to the determination of each declaration of
16 dividend, whether quarterly, special, or other.²³
17

18 These requirements can be enforced by periodic audits and the application of the
19 Commission's existing general powers to enforce its orders.
20

21 **Q. ARE THERE ANY OTHER CONCERNS REGARDING FRONTIER'S**
22 **FINANCES?**
23

24 A. Yes. As I have noted, the \$0.75 dividend that Frontier proposes to pay to its
25 shareholders still exceeds its earnings per share by about 30 percent. Frontier is
26 therefore under fairly severe pressure to increase its earnings. This pressure could
27 result in a campaign of rate increases that would burden ratepayers who remain
28 dependent on Frontier's landline telephone services.²⁴
29

30 **Q. WHAT DO YOU RECOMMEND TO RESOLVE THIS CONCERN?**
31

32 A. It is my understanding that the South Carolina Commission has retreated from any
33 significant price regulation of telephone services. I do not propose that it
34 immediately reverse this policy with respect to Frontier simply because of the

²³ Oregon P.U.C. Order No. 09-169, May 11, 2009, Appendix B, Sec. 4j.

²⁴ Transaction costs associated with this transfer add a further incentive to increase revenue. The recovery of these costs from ratepayers in most cases would be inappropriate because ratepayers are not responsible for them. These costs would not be incurred were it not for the transaction.

Verizon line transfer. However, if the result of that acquisition is very large price increases for basic residential and small business access line service, then the Commission should seriously consider re-imposing some limited price regulation. Specifically, I recommend that if Frontier's basic residential and small business (single or double line) rates increase by more than 10 percent in a given year, then the Commission should convene a proceeding to consider whether caps should be imposed to limit further rate increases.

SERVICE QUALITY CONCERNS

Q. WHY ARE YOU CONCERNED ABOUT THE SERVICE QUALITY RESULTING FROM THIS TRANSACTION?

A. As noted earlier in my testimony, the two recent large Verizon spin-offs have resulted in severe service quality degradation. I am concerned that this pattern not be repeated in South Carolina following the Verizon-to-Frontier transition. This concern is amplified by the following service quality indicators published by the Federal Communications Commission ("FCC"):

| | <u>Nationwide</u> | | |
|--|-----------------------|---------|---------------------------|
| | Frontier/ Citizens | Verizon | Verizon South Carolina |
| 1. <u>Installation Interval (days)</u> | | | |
| Business Lines | 5.9 | 1.9 | 1.9 |
| All Lines | 5.6 | 1.7 | 1.1 |
| 2. <u>% Local Installation Commitments Not Met</u> | | | |
| Business Lines | 4.3% | 2.8% | 6.4% |
| All Lines | 3.7% | 1.7% | 3.3% |
| 3. <u>Trouble Reports per Month per 100 Lines</u> | | | |
| Business Lines | 1.58 | 0.77 | 0.97 |
| All Lines | 2.78 | 1.63 | 1.89 |
| 4. <u>Complaints to Regulatory Agencies</u> (Per Million Lines) | | | |
| Business Lines | 112 | 50 | 79 |
| All Lines | 352 | 350 | 213 |

5. Repeat Out of Service Trouble Reports as a Percentage
Of Initial Out of Service Trouble Reports

| | | | |
|----------------|-------|-------|-------|
| Business Lines | 13.4% | 13.7% | 11.3% |
| All Lines | 16.9% | 15.5% | 16.2% |

6. Out of Service Repair Interval (hours)

| | | | |
|----------------|------|------|------|
| Business Lines | 21.3 | 18.9 | 15.7 |
| All Lines | 24.2 | 35.5 | 19.8 |

Source: 2008 FCC ARMIS 43-05 Reports

In every case but two, Frontier scores worse nationally than Verizon nationally. These differences might be explained by the fact that Verizon serves many high-density urban areas. However, Verizon's South Carolina operations are mostly small town and rural, and even there, Verizon's performance is better than that of Frontier for all but one of the measures.

These comparisons do not bode well for the service quality that can be expected following the transfer of Verizon's South Carolina operations to Frontier. They are of particular concern given that Frontier has no existing operations in either of the Carolinas, the two states that will make up the new Frontier Communications of the Carolinas. Frontier will be operating with employees, protocols and Information Technology systems transferred from Verizon, with which Frontier's management will not be familiar.

Q. DOES THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION HAVE ESTABLISHED STANDARDS FOR TELECOMMUNICATIONS SERVICE?

A. Yes. Chapter 103, Article 8(6) of the South Carolina Code of Regulations sets forth the following standards:

Availability of service - 85 percent of orders for installations or re-installations filled within 5 working days.

Equipment capabilities -- on an average business day (8 am to 5 pm) the failure rate on interoffice calls shall not exceed 1.5 percent, and the failure rate on interoffice calls shall not exceed 3 percent.

1
2 Dial tone - 98 percent of all calls receive dial tone within three seconds.

3
4 Answering times - 90 percent of toll and operator assistance calls answered with
5 10 seconds, 90 percent of calls to repair service answered within 20 seconds, and
6 80 percent of calls to directory service answered within 30 seconds.

7
8 Trouble reports - For each exchange with at least 7,500 access lines, trouble rate
9 shall not exceed 5.0 reports per 100 access lines

10
11 Trouble clearance - Provision must be made to "normally" clear trouble within 24
12 hours, except weekends, unless customer agrees to an extension. The aggregate
13 standard is 85 percent cleared within 24 hours.

14
15 **Q. ARE THESE STANDARDS SUFFICIENT TO ENSURE ADEQUATE**
16 **SERVICE QUALITY IN THE EXCHANGES THAT WILL BE**
17 **TRANSFERRED FROM VERIZON TO FRONTIER?**

18 A. No. I believe they can be expanded. In addition, there needs to be simple, direct
19 and timely mechanisms to enforce the service quality performance standards,
20 thereby providing an incentive for Frontier to maintain its reliability and
21 efficiency.

22
23 **Q. WHAT ADDITIONAL STANDARDS CAN YOU SUGGEST?**

24 A. Earlier in my testimony, I listed six service performance measures that the FCC
25 regularly reports. They identify the level of service currently being offered by
26 Verizon in South Carolina and Frontier's performance nationally. If this
27 transaction is to be seamless and transparent to customers Frontier must meet
28 Verizon's prior performance in South Carolina wherever it is better than
29 Frontier's. In the one case where Frontier performs better than Verizon-South
30 Carolina, the Frontier performance should be the standard.

1

2 These criteria result in the following minimum service standards:

| | | |
|----|---|-------|
| 3 | 1. <u>Installation Interval (days)</u> | |
| 4 | Business Lines | 1.9 |
| 5 | All Lines | 1.1 |
| 6 | 2. <u>% Local Installation Commitments Not Met</u> | |
| 7 | Business Lines | 4.3% |
| 8 | All Lines | 3.3% |
| 9 | | |
| 10 | 3. <u>Trouble Reports per Month per 100 Lines</u> | |
| 11 | Business Lines | 0.97 |
| 12 | All Lines | 1.89 |
| 13 | | |
| 14 | 4. <u>Complaints to Regulatory Agencies</u> | |
| 15 | (Per Million Lines) | |
| 16 | Business Lines | 79 |
| 17 | All Lines | 213 |
| 18 | | |
| 19 | 5. <u>Repeat Out of Service Trouble Reports as a Percentage</u> | |
| 20 | <u>Of Initial Out of Service Trouble Reports</u> | |
| 21 | Business Lines | 11.3% |
| 22 | All Lines | 16.2% |
| 23 | | |
| 24 | 6. <u>Out of Service Repair Interval (hours)</u> | |
| 25 | Business Lines | 15.7 |
| 26 | All Lines | 19.8 |

27

28 **Q. FRONTIER WITNESS MCCARTHY ARGUES THAT FRONTIER WILL**
 29 **NOT ENCOUNTER THE SERVICE PROBLEMS THAT PLAGUED THE**
 30 **TWO PREVIOUS VERIZON SPIN-OFFS. WHAT IS YOUR RESPONSE?**

31 A. Mr. McCarthy's position is that since Frontier is already a substantial operating
 32 company with established billing, operational and customer service systems in
 33 place, it will be able to transition its new service territories seamlessly and
 34 without any deterioration in service quality.

35 I very much hope that Mr. McCarthy is correct. However, the reality is that
 36 Verizon's billing, operating and customer service systems are not the same as
 37 Frontier's, and if Frontier is to have uniform systems nationwide, it will

1 eventually have to cut the Verizon protocols over to its systems. In previous
2 cases, this cutover has proved to be difficult and costly.

3 As noted earlier, this condition is of particular concern in South Carolina because
4 there is no existing Frontier presence in the state. All employees, systems,
5 protocols and practices are those of Verizon. The conversion to Frontier will
6 involve all of the Company's activities in South Carolina.

7 Another concern relates to planning. In response to a data request in the West
8 Virginia proceeding parallel to this one, Frontier stated that it had no capital
9 budget for the year 2010.²⁵ This is ominous because most utility companies have
10 capital budgets five years out. If Frontier has no plan for capital expenditures, the
11 Commission should question the seriousness its promise to increase greatly the
12 proportion of South Carolina subscribers with access to the Internet.²⁶

13 For these reasons, it is important for the South Carolina Commission to monitor
14 Frontier's service performance. To be a deterrent against service degradation, the
15 Commission should be prepared to impose sanctions if service performance
16 deteriorates.

17
18 **SANCTIONS FOR POOR PERFORMANCE**

19
20 **Q. WHAT SANCTIONS MIGHT THE COMMISSION IMPOSE IN ORDER**
21 **TO ENSURE ADEQUATE SERVICE QUALITY?**

22
23 **A.** The first sanction has to do with reporting. The Commission should set a date
24 certain by which Frontier must file all of the required service quality reports. I
25 recommend that the initial filing date be 90 days following the consummation of
26 the transaction in South Carolina. Should that date not be met, Frontier would be

²⁵ Attachment C is a copy of this data request and its response.

²⁶ Joint Application of Verizon and FairPoint to the South Carolina P.S.C., para.24, p. 12.

1 subject to a civil fine for its failure.²⁷ At this point, I would leave it to the
2 Commission to determine the amount of the fine.

3
4 As regards failure to meet service quality standards, there are three methods by
5 which the Commission could impose fines or penalties:

- 6 1. Require annual credits to the bills of all Frontier customers for Frontier's failure
7 to meet service standards state-wide for a consecutive number of months, or for a
8 total number of months during a year.
- 9 2. Impose a fine on Frontier, payable to the Commission or to the state treasury, as
10 appropriate, for its failure to meet service quality standards for a certain
11 consecutive or total monthly period during a year.
- 12 3. Require credits to Frontier's customers on a customer-by-customer basis for
13 failure to meet a Commission-mandated provisioning or restoration standard in a
14 particular instance, with a credit applied to the bill following the failure.

15
16 The first approach would provide an incentive to Frontier to provide service
17 according to the prescribed standards. The disadvantage, however, is that the
18 annual credit is spread over the general ratepayer base and may be seen as
19 inadequate for customers who experienced severe problems. Moreover, because
20 the credit is annual, a customer who experienced problems may have moved or
21 changed carriers by the time that the credit is issued. In that respect, the benefit is
22 received by new customers whose service was not affected negatively. The
23 approach would be of value in a situation where service problems are extended
24 and severe, and the credit is large in amount, because the action would heighten
25 public awareness of the carrier's service deficiencies and bring pressure to
26 improve.

27
28 The second approach – payment of penalties for failure to meet service standards
29 – has merit as an incentive to the carrier to meet the designated service criteria.

²⁷ I understand that sections 58-9-1610 and 58-9-1620 of the South Carolina Code of Laws provides for a fine of \$25 to \$500 per day for a telephone company's continuing failure to comply with a Commission order.

The approach, however, provides no compensation to customers who received poor service. Rather, it is a punishment that reduces the carrier's earnings and generates negative publicity if the fine is issued in a significant amount. Frontier's failure to provide service quality reports for an extended period is the type of situation that this approach should encompass. This approach could be combined with the prior approach in egregious situations to preserve the Commission's processes and orders while making whole the affected customers.

Arguably most appropriate is the third approach – immediate credits to individual customers' bills. Customers who do not receive the quality of service according to the standard that the Commission specifies should not be expected to pay full price for what they received. This approach – which has been adopted elsewhere for both retail and wholesale customers – provides a financial incentive for Frontier to provide high quality service, and the beneficiaries of the credit are the individual customers who suffered. Importantly, the immediate nature of the credit guarantees that the customer directly affected receives the full benefit of Frontier's obligation to redress service failures.

Q. CAN YOU ILLUSTRATE THE TYPE OF STANDARDS THAT WOULD TRIGGER THE CUSTOMER CREDITS UNDER THIS LAST PROPOSAL?

A. Yes. The Commission should consider the following sanctions found in the decision of Washington Utilities and Transportation Commission approving an alternative form of regulation for Qwest Communications:

1. Delayed Primary Basic Exchange Alternative

Primary basic exchange service is defined as the first residential line or first two business lines at a given location (address). If the Company is unable to provide primary basic exchange service (service) within five business days of the due date, and the reason for the delay is caused by the Company, the Company will:

- Credit the monthly recurring charge,
- Credit the nonrecurring charge,
- Assign a telephone number,

1 Provide a directory listing and,
2 Remote call forwarding and,
3 Voice messaging service.
4

5 2. Out-of-Service Trouble Condition Credit

6 a. Customers who have an out-of-service condition (no dial tone) on their lines
7 that is not cleared within two working days (excluding Sundays and holidays) will
8 receive a credit of \$5.00.

9 b. If the out-of service condition exceeds seven calendar days, the customer will
10 receive a credit equal to their monthly local exchange service rate, including any
11 associated regulated features for the month in which the outage occurred.

12 c. These credits do not apply if the out-of service condition or the Company's
13 inability to clear the condition is due to:

14 emergency situations,
15 unavoidable catastrophes,
16 force majeure,
17 work stoppage,
18 inside wiring,
19 customer premises equipment.

20 d. All other reported service interruptions (i.e. noise on line, intermittent static,
21 etc.) will be restored within 72 hours. Sundays and legal holidays are excluded
22 from the 48 hour and 72 hour periods.
23

24 3. Trouble Report Rate Credit

25 a. In the event the Company has an exchange with a trouble report rate greater
26 than 4.0 per one hundred access lines, for two consecutive months or four months
27 out of a twelve month period, the customers served by that exchange will receive
28 a credit of \$0.25 per line. The credit will not exceed \$0.25 in any month.

29 b. The credits do not apply to trouble reports:

30 Related to customer premises equipment,
31 Extraordinary or abnormal conditions of operation, such as those resulting
32 from emergency or catastrophe,
33 Disruptions of service caused by persons or entities other than the
34 Company
35

36 I recommend that similar provisions for customer credits be included in Frontier's
37 tariff as a condition for the Commission's approval of this transaction. Possibly
38 the Commission could ask Frontier to define the conditions. That would provide
39 some assurance that the promises of transparency and seamlessness are not simply
40 pre-approval rhetoric.
41

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OTHER ISSUES

Q ARE THERE ANY OTHER ISSUES YOU WOULD LIKE TO RAISE AT THIS TIME?

A. Yes. There are two. The first deals with unfunded employee benefit programs. The second with commitments that Verizon has made to customers, competitors and the Commission.

Q. WHAT IS THE ISSUE WITH RESPECT TO UNFUNDED EMPLOYEE BENEFIT PROGRAMS?

A. Frontier will be assuming a number of employees who previously worked for Verizon. Verizon has pension and retiree health programs that may not be fully funded. Verizon should not be allowed to transfer these liabilities to Frontier, if at all, without their being fully funded, particularly given Frontier's tenuous financial condition. This issue should be addressed as part of the approval process.

Q. WHAT DO YOU RECOMMEND REGARDING THESE LIABILITIES?

A. I recommend that Verizon be given a choice of fully funding the liabilities or of continuing the programs for all previous Verizon employees in South Carolina. This will free Frontier from the burden of assuming liabilities that it had no part in incurring.

Q. WHAT IS THE ISSUE WITH RESPECT TO VERIZON'S COMMITMENTS?

1 A. Verizon has made a number of commitments to its retail and wholesale
2 customers, its suppliers, its employees and this Commission. The transfer of
3 exchanges to Frontier should not become an excuse for abrogating any of these
4 commitments.

5

6 **Q. WHAT DO YOU RECOMMEND IN THIS REGARD?**

7

8 A. I recommend that the Commission condition its approval of the transaction on
9 Frontier's explicit acknowledgement that all commitments by Verizon will be
10 honored by Frontier following the completion of the transfer.

11

12 **SUMMARY OF RECOMMENDATIONS**

13

14 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.**

15

16 A. In this testimony, I have recommended that :

- 17 ■ Frontier Communications of the Carolinas be required to limit any dividends to its
18 parent company(ies) to no more than its net income.
- 19
- 20 ■ If Frontier's market equity is less than 50 percent of its total capitalization, then
21 the limit on dividends be reduced to 50 percent of net income.
- 22
- 23 ■ If Frontier increases its residential and small business rates in any one year by
24 more than 10 percent, the Commission convene a proceeding to determine
25 whether caps should be imposed on the prices of those services.
- 26
- 27 ■ The Commission reaffirm the telephone performance standards that it has
28 previously adopted.
- 29
- 30 ■ The Commission impose further performance standards on Frontier equal to the
31 FCC's six measures as recorded for Verizon-South Carolina, except where the
32 Frontier's national performance is better.
- 33
- 34 ■ The Commission consider imposing a fine for failure to report its service
35 performance metrics within 90 days of the approval of the merger.
- 36
- 37 ■ The Commission consider requiring a credit to ratepayers for each failure to
38 achieve the stated performance measures.

- 1
- 2 ▪ The Commission consider imposing a fine for each failure to achieve the stated
- 3 performance measures.
- 4
- 5 ▪ The Commission require Frontier to refund and otherwise compensate customers
- 6 who have been subjected to inadequate service.
- 7
- 8 ▪ Verizon be given the choice of fully funding all unfunded employee benefit
- 9 programs or of continuing those programs for all previous Verizon employees in
- 10 South Carolina.
- 11
- 12 ▪ Condition its approval of the transaction on Frontier's acknowledgement that all
- 13 commitments by Verizon will be honored by Frontier following the completion of
- 14 the transfer.
- 15

16 **Q. DOES THIS COMPLETE YOUR TESTIMONY AT THIS TIME?**

17

18 A. Yes. It does at this time. However, I should point out that at this writing I have

19 only just received some of the voluminous responses to the data requests that we

20 have submitted to the applicants – Frontier and Verizon -- in this proceeding. I

21 therefore respectfully request the opportunity to amend or modify my testimony

22 should the material in the responses require it.

Experience

Snively King Majoros O'Connor & Lee, Inc. Washington, DC

***President (1989 to Present)
Vice President (1970 - 1989)***

Mr. King, a founder of the firm and acknowledged authority on regulatory economics, brings over thirty years of experience in economic consulting to his direction of the firm's work in transportation, utility and telecommunications economics.

Mr. King has appeared as an expert witness on over 300 separate occasions before more than thirty state and nine U.S. and Canadian federal regulatory agencies, presenting testimony on rate base calculations, rate of return, rate design, costing methodology, depreciation market forecasting, and ratemaking principles. Mr. King has also testified before House and Senate Committees on energy and telecommunications legislation pending before the U.S. Congress.

In telecommunications, Mr. King has testified before the Federal Communications Commission on a number of policy issues, service authorization, competitive impacts, video dialtone, and prescription of interstate depreciation rates. Before state regulatory bodies, he has presented testimony in proceedings on intrastate rates, costs earnings and depreciation.

Mr. King has testified in electric, gas and water utility cases on virtually every aspect of regulation, including cost of capital, revenue requirements, depreciation, cost allocation and rate design. Mr. King is one of the nation's leading authorities on utility depreciation practices, having testified on this subject in several dozen cases before state regulatory bodies.

In addition to his appearances as a witness in judicial and administrative proceedings, Mr. King has negotiated settlements among private parties and between private parties and regulatory offices. Mr. King also has directed depreciation studies, investment cost benefit analyses, demand forecasts, cost allocation studies and antitrust damage calculations. Mr. King directed analyses of the prices of services under Federal Government's FTS2000 long distance system.

In Canada, Mr. King designed and directed an extended inquiry into the principles and procedures for regulating the telecommunication carriers subject to the jurisdiction of the Canadian Transport Commission. He also was the principal investigator in the Canadian Transport Commission's comprehensive review of rail costing procedures.

EBS Management Consultants, Inc., Washington, DC

***Director, Economic Development Department
(1968-1970)***

Mr. King organized and directed a five-person staff of economists performing research, evaluation, and planning relating to economic development of depressed areas and communities within the U.S. Most of this work was on behalf of federal, state, and municipal agencies responsible for community or regional economic development.

Principal Consultant (1966-1968)

Mr. King conducted research on a broad range of economic topics, including transportation, regional economic development, communications, and physical distribution.

W.B. Saunders & Company, Inc., Washington, DC

Staff Economist (1962-1966)

For this economic consulting firm, which later merged with EBS Management Consultants, Inc., Mr. King engaged in numerous research efforts relating primarily to economic development and transportation.

U.S. Bureau of the Budget, Office of Statistical Standards

Analytical Statistician (1961-1962)

Mr. King was responsible for the review of all federal statistical and data-gathering programs relating to transportation.

Education

Washington & Lee University, B.A. in Economics

*The George Washington University, M.A. in
Government Economic Policy*

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Appearances before State Regulatory Agencies

| State | Electric, Gas, Water Utility Cases | | | | Date of Cross-Examination |
|-------|--|---|--|---|---------------------------|
| | Client | Case | | Utility | |
| | | Case Number | | | |
| AK | Exxon USA | P-89-1,2 | Trans Alaska Pipeline System | October 18, 1990 | |
| AZ | Arizona Corporation Commission Arizona Retailers Association | U-1345-I U-1345-II | Arizona Public Service Co. Arizona Public Service Co. | December 16, 1980 January 15, 1981 | |
| CA | California Retailers Association California Retailers Association California Retailers Association California Retailers & California Manufacturers California Retailers Association | 57666 57602 59351 59351 61138 | Pacific Gas & Electric Co. Southern California Edison Pacific Gas & Electric Co. Southern California Edison Southern California Edison | March 6, 1978 April 25, 1978 June 12, 1981 May 20, 1982 May 28, 1982 | |
| CO | U. S. Department of Defense J.C. Penney Company U.S. Department of Defense U. S. Department of Defense U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense | I&S 1100 5693 I&S 1339 I&S 1540 C. Council C. Council C. Council C. Council | Colorado Springs (Elec) All Electric Utilities Colorado Springs DPU (Gas) Colorado Springs DPU (Gas) Colorado Springs DPU (Gas) Colorado Springs DPU (Elec) Colorado Springs DPU (Elec) Colorado Springs DPU (Elec) | June 14, 1977 March 8, 1978 October 18, 1979 February 9, 1982 September 30, 1984 June 6, 1985 May 19, 1986 June 30, 1987 | |
| CT | Retailers Merchants Association Division of Consumer Counsel Public Utilities Control Auto Division of Consumer Counsel Division of Consumer Counsel Division of Consumer Counsel Division of Consumer Counsel Coalition of Hotels, Alloys & Retailers Coalition of Hotels, Alloys & Retailers | 72-0204 76-0604,5 78-0303 80-0403,4 81-0413 81-0602,4 82-0701 85-10-22 87-07-01 | Various Electric Utilities CL&P and HELCO Bridgeport Hydraulic Co. CL&P and HELCO United Illuminating Company CL&P and HELCO CL&P CL&P CL&P | July 22, 1976 November 10, 1977 (none) August 11, 1980 July 20, 1981 October 5, 1981 September 28, 1982 (none) April 25, 1988 | |

CHARLES W. KING
Appearances before State Regulatory Agencies

| Electric, Gas, Water Utility Cases | | | | Date of Cross-Examination |
|------------------------------------|---|--------------------------------|-----------------------------------|---------------------------|
| State | Client | Case | | |
| | | Case Number | Utility | |
| DC | D.C. People's Counsel | 685 | Potomac Electric Power Company | March 6, 1978 |
| | D.C. People's Counsel | 715 | Potomac Electric Power Company | (none) |
| | D.C. People's Counsel | 725 | Potomac Electric Power Company | April 4, 1980 |
| | D.C. People's Counsel | 737 | Potomac Electric Power Company | January 1, 1981 |
| | D.C. People's Counsel | 748 | Potomac Electric Power Company | June 26, 1981 |
| | Washington Metro Area Transit Authority | 758 | Potomac Electric Power Company | December 15, 1981 |
| | Washington Metro Area Transit Authority | 785 | Potomac Electric Power Company | September 21, 1982 |
| | D.C. People's Counsel | 759 | Potomac Electric Power Company | March 29, 1984 |
| | Washington Metro Area Transit Authority | 685 Remand | Potomac Electric Power Company | June 10, 1985 |
| | D.C. People's Counsel | 905 | Potomac Electric Power Company | August 20, 1991 |
| | D.C. People's Counsel | 912 | Potomac Electric Power Company | May 7, 1992 |
| | D.C. People's Counsel | 834, III | Potomac Electric Power Company | May 22, 1992 |
| | D.C. People's Counsel | 917 | Potomac Electric Power Company | September 24, 1992 |
| | D.C. People's Counsel | 922 | Washington Gas Light Company | June 15, 1993 |
| | D.C. People's Counsel | 929 | Potomac Electric Power Company | December 16, 1993 |
| | D.C. People's Counsel | 934 | Washington Gas Light Company | Filed April 22, 1994 |
| | D.C. People's Counsel | 939 | Potomac Electric Power Company | March 16, 1995 |
| | D.C. People's Counsel | 917 | Potomac Electric Power Company | April 16, 1995 |
| | D.C. People's Counsel | 951 | Potomac Electric Power Company | February 20, 1997 |
| | D.C. People's Counsel | 945 | Potomac Electric Power Company | September 29, 1999 |
| | D.C. People's Counsel | 847 | Washington Gas Light Company | June 27, 2001 |
| | D.C. People's Counsel | 989 | Washington Gas Light Company | May 22, 2002 |
| D.C. People's Counsel | 1016 | Washington Gas Light Company | September 23, 2003 | |
| D.C. People's Counsel | 1053 | Potomac Electric Power Company | June 27, 2007 | |
| DE | Delaware PSC Staff | 94-164 | Artesian Water Company | Filed March 10, 1995 |
| | Delaware PSC Staff | 94-149 | Wilmington Suburban Water Company | March 10, 1995 |
| | Delaware PSC Staff | 04-152 | Tidewater Utilities Company | Filed July 26, 2004 |
| FL | Florida Retail Federation | 790593-EU | All Electric Utilities | March 5, 1981 |
| | Florida Retail Federation | 810002-EU | Florida Power and Light Company | July 23, 1981 |
| | Florida Retail Federation | 820097-EU | Florida Power and Light Company | September 22, 1982 |
| | Florida Retail Federation | 820097-EU | Florida Power and Light Company | April 11, 1983 |
| | Florida Retail Federation | 830012-EU | Tampa Electric Company | August 19, 1983 |
| | Florida Retail Federation | 830465-EI | Florida Power and Light Company | April 19, 1984 |
| | Florida Retail Federation | 830465-EI | Tampa Electric Company | (none) |

[illegible]

CHARLES W. KING
Appearances before State Regulatory Agencies

| State | Electric, Gas, Water Utility Cases | | | Date |
|---------------------------|------------------------------------|--------------------------------|----------------------------------|-------------------------|
| | Client | Case | | |
| | | Case Number | Utility | |
| KY | Seven Kentucky Retailers | 7310 | Louisville Gas & Electric Co. | April 25, 1979 |
| | Attorney General of Kentucky | 2002-145 | Columbia Gas of Kentucky | Filed August 8, 2002 |
| | Attorney General of Kentucky | 2003-252 | Union Heat Light & Power Co. | September 30, 2003 |
| | Attorney General of Kentucky | 2004-67 | Delta Gas Company | August 18, 2004 |
| | Attorney General of Kentucky | 2006-00646 | Atmos Energy Corp. | Filed April 27, 2007 |
| MA | Attorney General of Kentucky | 2007-00008 | Columbia Gas of Kentucky | Filed June 12, 2007 |
| | Attorney General of Kentucky | 2007-00089 | Delta Gas Company | Filed August 14, 2007 |
| | Coalition of Municipalities | 20279 | Western Massachusetts Electric | March 19, 1980 |
| | Coalition of Municipalities | 557/558 | Western Massachusetts Electric | May 14, 1981 |
| | Coalition of Municipalities | 957 | Western Massachusetts Electric | March 9, 1982 |
| MD | Coalition of Municipalities | 1300 | Western Massachusetts Electric | January 1, 1983 |
| | Coalition of Municipalities | 85-270 | Western Massachusetts Electric | March 26, 1986 |
| | Maryland People's Counsel | 6977 | Washington Gas & Light Company | September 17, 1976 |
| | Maryland People's Counsel | 6814 | Potomac Electric Power Company | September 1, 1977 |
| | Maryland People's Counsel | 6807 | All Electric Utilities | (none) |
| | Maryland People's Counsel | 6882 | Baltimore Gas & Electric Company | September 28, 1976 |
| | Maryland People's Counsel | 6985 | Baltimore Gas & Electric Company | December 20, 1976 |
| | Maryland People's Counsel | 7070 | Baltimore Gas & Electric Company | April 18, 1978 |
| | Maryland People's Counsel | 7149 | Potomac Electric Power Company | January 17, 1979 |
| | Maryland People's Counsel | 7163 | All Electric Utilities | October 23, 1978 |
| | Maryland People's Counsel | 7236 | Delmarva Power & Light Company | June 20, 1980 |
| | Maryland People's Counsel | 7397 | Baltimore Gas & Electric Company | September 8, 1980 |
| | Retail Merchants of Baltimore | 7427 | Delmarva Power & Light Company | December 2, 1981 |
| | Maryland People's Counsel | 7574 | Baltimore Gas & Electric Company | February 18, 1982 |
| | Maryland People's Counsel | 7597 | Potomac Electric Power Company | April 20, 1982 |
| | Organization of Consumer Justice | 7604 | Potomac Electric Power Company | October 19, 1982 |
| | Maryland People's Counsel | 7588 | Baltimore Gas & Electric Company | November 22, 1982 |
| | Maryland People's Counsel | 7663 | Potomac Electric Power Company | April 12, 1983 |
| | Retail Merchants of Baltimore | 7685 | Baltimore Gas & Electric Company | December 9, 1985 |
| | Genstar Stone Products, et al. | 7878 | Potomac Electric Power Company | June 28/July 1986 |
| | Industrial Interventors | 7878 | Potomac Electric Power Company | March 4, 1987 |
| | Maryland People's Counsel | 7983 | Baltimore Gas & Electric Company | January 8, 2003 |
| | Giant Foods, Inc. | 8855 | Baltimore Gas & Electric Company | September 29, 2005 |
| | Maryland People's Counsel | 9036 | Potomac Electric Power Company | April 16, 2007 |
| | Maryland People's Counsel | 9092 | Potomac Electric Power Company | April 9, 2007 |
| | Maryland People's Counsel | 9093 | Delmarva Power & Light Company | August 23, 2007 |
| | Maryland People's Counsel | 9104 | Washington Gas & Light Company | September 24, 2007 |
| | Maryland People's Counsel | 9096 | Baltimore Gas & Electric Company | filed December 21, 2007 |
| Maryland People's Counsel | 9103 | Washington Gas & Light Company | | |

CHARLES W. KING
Appearances before State Regulatory Agencies

| State | Electric, Gas, Water Utility Cases | | | Date of Cross-Examination |
|-------|---|---|--|--|
| | Client | Case | | |
| | | Case Number | Utility | |
| MI | General Services Administration | U-10102 | Detroit Edison Company | March 22, 1993 |
| | Michigan Attorney General | U-11722 | Detroit Edison Company | November 6, 1998 |
| | Michigan Attorney General | U-11772 | Consumers Energy/Detroit Edison | November 16, 1998 |
| | Michigan Attorney General | U-11495 | Detroit Edison Company | December 8, 1999 |
| | Michigan Attorney General | U-11956 | Consumer Energy/Detroit Edison | December 15, 1999 |
| | Michigan Attorney General | U-12505 | Consumers Energy Company | September 7, 2000 |
| | Michigan Attorney General | U-12478 | Detroit Edison Company | October 5, 2000 |
| | Michigan Attorney General | U-12639 | Consumers Energy/Detroit Edison | July 18, 2001 |
| | Michigan Attorney General | U-13000 | Consumers Energy Company | January 29 2002 |
| | Michigan Attorney General | U-13380 | Consumers Energy Company | September 9, 2002 |
| | Michigan Attorney General | U-13715 | Consumers Energy Company | September 9, 2002 |
| | Michigan Attorney General | U-13808 | Consumers Energy Company | April 24, 2003 |
| | Michigan Attorney General | U-12999 | Detroit Edison Company | Dec 12, 2003; Jan 30, Mar 5, 04 |
| | Michigan Attorney General | U-13898,9 | Consumers Energy Company | March 10, 2004 |
| | Michigan Attorney General | U-14201 | Michigan Consolidated Gas Co. | August 23, 2004 |
| | Michigan Attorney General | U-14274 | Detroit Edison Company | Filed December 5, 2004' |
| | Michigan Attorney General | U-14148 | Consumers Energy Company | Filed February 15, 2005 |
| | Michigan Attorney General | U-14399 | Consumers Energy Company | Filed March 2, 25, 2005 |
| | Michigan Attorney General | U-14428 | Detroit Edison Company | July 29, 2005 |
| | Michigan Attorney General | U-14292 | Detroit Edison Company | September 7, 2005 |
| | Michigan Attorney General | U-13808-R | All Michigan Utilities | September 27, 2005 |
| | Michigan Attorney General | U-14547 | Detroit Edison Company | November 7, 2005 |
| | Michigan Attorney General | U-14701 | Consumers Energy Company | Nov.7, 2005; Mar. 22, 2006 |
| | Michigan Attorney General | U-14526 | Consumers Energy Company | March 21, 2006 |
| | Michigan Attorney General | U-14561 | Consumers Energy Company | April 11, 2006 |
| | Michigan Attorney General | U-15002 | All Gas Distribution Utilities | June 1, 2006 |
| | Michigan Attorney General | U-15245 | Detroit Edison Company | December 8, 2006 |
| | Michigan Attorney General/ABATE | U-15417 | Consumers Energy Company | December 11, 2007 |
| | Michigan Attorney General | U-15244 | Detroit Edison Company | April 2, 2008 |
| | Michigan Attorney General/ABATE | U-15506 | Detroit Edison Company | July 15, 2008 |
| | Michigan Attorney General | U-15002-R | Consumers Energy Company | September 12, 2008 |
| | | Detroit Edison Company | October 16, 2008 | |
| MN | Minnesota Retail Federation | EOO26R-77-611 | Northern States Power | 1979 |
| MO | Missouri Retailers Association Missouri Public Counsel Missouri Public Counsel Missouri Public Counsel | EO-78-161 ER-2006-0315 GR-2007-0003 ER-2007-0002 | Kansas City Power & Light Company Empire District Electric Company Ameren UE (Gas) Ameren UE (Electric) | February 19, 1981 September 14, 2006 Filed December 15, 2006 March 22, 2007 |
| NC | North Carolina Merchants Association | E-100 | All Electric Utilities | December 18, 1975 |

CHARLES W. KING
Appearances before State Regulatory Agencies

| State | Electric, Gas, Water Utility Cases | | | | Date |
|-------|--|---|--|---|------|
| | Client | Case | | Utility | |
| | | Case Number | | | |
| ND | North Dakota Public Service Commission North Dakota Public Service Commission North Dakota Public Service Commission North Dakota Public Service Commission North Dakota Public Service Commission North Dakota Public Service Commission North Dakota Public Service Commission North Dakota Public Service Commission | PU-400-00-521 PU-399-01-186 PU-399-02-183 PU-399-02-183 PU-399-03-296 PU-04-97 PU-06-525 PU-07-776 | Xcel Energy, Inc. Montana-Dakota Utilities (Electric) Montana-Dakota Utilities (Gas) Montana-Dakota Utilities (Gas Depr.) Montana-Dakota Utilities (Electric) Montana-Dakota Utilities (Gas) Northern States Power (Gas) Northern States Power (Electric) | April 20, 2001 February 25, 2002 October 7, 2002 Filed April 7, 2003 Filed October 15, 2003 Filed July 6, 2004 Filed May 1, 2007 June 25, 2008 | |
| NH | Business & Industry Association of N.H. Business & Industry Association of N.H. Business & Industry Association of N.H. | 79-187-II 80-260 82-333 | Public Service of N.H. Public Service of N.H. Public Service of N.H. | February 6, 1981 February 5, 1981 November 2, 1983 | |
| NJ | N.J. Retail Merchants Association Department of Public Advocate Resorts International Hotel, Inc. Dept. of Public Advocate Dept. of Public Advocate Dover Township Fire Chiefs | 803-151 815-459 8011-827 822-116 355-87 88-080967 | All New Jersey Utilities N.J. Natural Gas Company Atlantic City Sewerage Co. Atlantic City Electric Co. Elizabethtown Gas Tom's River Water Company | March 31, 1981 (none) (none) August 11, 1982 June 9, 1987 February 22, 1989 | |
| NY | NY Council of Retail Merchants Metropolitan N.Y. Retail Council Metropolitan N.Y. Retail Council N.Y. Metro. Transit Authority | 26806 27029 27136 27353 | All Electric Utilities Consolidated Edison Company Long Island Lighting Company Consolidated Edison Company | February 3, 1976 (none) July 1, 1977 September 5, 1980 | |
| OH | Ohio Council of Retail Association Ohio Council of Retail Association Ohio Energy Group | 88-170-EL 83-1529-EL 08-936-EL-SSO | Cleveland Elec. Illuminating Cincinnati Gas & Electric FirstEnergy Companies | (none) February 15, 1992 Filed September 25, 2008 | |

CHARLES W. KING
Appearances before State Regulatory Agencies

| State | Electric, Gas, Water Utility Cases | | | Date |
|-------|---|--|--|---|
| | Client | Case | | |
| | | Case Number | Utility | |
| PA | Pennsylvania Retail Association Southeastern Pa. Transp. Authority Eastern Penn Energy Users Group Eastern Penn Energy Association Penn Business Utility User Group Pennsylvania Office of Consumer Advocate Pennsylvania Office of Public Advocate | 76-PRMD-7 R-811626 R-822169 R-842651 R-850152 R-00016339 R-2008-203269 | All Electric Utilities Philadelphia Electric Company Penn. Power & Light Company Penn. Power & Light Company Philadelphia Electric Company Pennsylvania-American Water Co. Pennsylvania-American Water Co. | September 7, 1977 December 11, 1981 March/April 1983 December 3, 1984 February 19, 1986 September 19, 2001 August 6, 2008; Sept. 15, 2008 |
| TN | Attorney General of Tennessee Attorney General of Tennessee | 07-00105 08-00039 | Atmos Energy Corp. Tennessee-American Water Co. | Filed August 21, 2007 August 26, 2007 |
| TX | Houston Retailers Association Houston Retailers Association Cities for Fair Utility Rates | 5779 6765 8425/8431 | Houston Lighting Company Houston Lighting Company Houston Lighting Company | October 19, 1984 September 25, 1986 April 25, 1989 |
| UT | Div. Of Public Utilities Dept of Commerce Div. Of Public Utilities Dept of Commerce Div. Of Public Utilities Dept of Commerce | 98-2035-33 05-057-T01 07-035-13 | Pacific Corp Questar Gas Company Rocky Mountain Power Co. | Filed August 16, Sept 22, 1999 May 17, 2006 Filed October 15, 2007 |
| VA | Consumer Congress of Virginia Consumer Congress of Virginia Va. Business Committee on Energy Virginia Pipe Trades Council | 19426 19960 PUE 7900012 PUE 8900051 | Virginia Electric Power Company Virginia Electric Power Company Virginia Electric Power Company Old Dominion Electric Corp. & | July 1, 1975 September 19, 1978 February 25, 1981 October 31, 1989 |
| WA | WA Attorney General - Public Counsel WA Attorney General - Public Counsel WA Attorney General - Public Counsel | UE-072300;UG-072301 UE-080220 UE-08416;UG-08417 | Puget Sound Energy PacifiCorp Avista Utilities | Filed May 30, 2008 Filed August 15, 2008 September 19;October 10, 2008 |
| WI | Wisconsin Merchants Federation | 6630-ER-2 | Wisconsin Electric Power Company | May 15, 1978 |

CHARLES W. KING
Appearances before State Regulatory Agencies

| State | Telecommunications Cases | | | Date of Cross-Examination |
|-------|---|---|---|---|
| | Client | Case | | |
| | | Case Number | Utility | |
| AL | U.S. Department of Defense | 24472 | All Telephone Companies | June 14, 1995 |
| AK | GCI Communications, Inc. GCI Communications, Inc. | U-97-82 U-97-143 U-05-46 | Alaska Communications Systems Matanuska Telephone Association | Filed Feb 25, April 5, 2004 October 28, 2005 |
| AZ | Arizona Burglar & Fire Alarm Association Arizona Burglar & Fire Alarm Association Federal Executive Agencies U.S. Department of Defense | 9981-E- 1051-80-64 E-1051-88-146 T-01051B-99-0105 | Mountain State Telephone Mountain State Telephone Mountain State Telephone US WEST Communications | (none) (none) Filed July 26, Sept 8, 2000 |
| CA | Western Burglar & Fire Alarm Association Western Burglar & Fire Alarm Association Western Burglar & Fire Alarm Association Western Burglar & Fire Alarm Association Western Burglar & Fire Alarm Association Western Burglar & Fire Alarm Association Western Burglar & Fire Alarm Association Western Burglar & Fire Alarm Association California Cellular Resellers Federal Executive Agencies California Cellular Resellers Cellular Services, Inc. Federal Executive Agencies | 59849 5984cont. A83-01-22 A83-02-02 A82-11-07 A85-01-034 A87-01-02 A88-07-17019 A.88-11-1040 1.87-11-033 1.88-11-040 1.88-11-040 A92-05-004 | Pacific Telephone & Telegraph Pacific Telephone & Telegraph Pacific Telephone & Telegraph General Telephone of California Pacific Telephone & Telegraph Pacific Telephone & Telegraph General Telephone of California Pac. Bell Tel. & GTE of CA. All Cellular Carriers All Telephone Companies All Cellular Carriers All Cellular Carriers Pacific Telephone & Telegraph | March 25, 1981 June 23, 1982 June 29, 1983 January 17, 1984 Jan. 18, Oct. 31, Nov 28, 1984 June 4, 1985, October 2, 1986 October 22, 1987 January 23, 1989 August 11, 1989 March 6-7, 1991 August 19, 1991 October 3, 1991 June 9, 1993 |
| CO | U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense Colorado Municipal League U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense AT&T | I&S 717 I&S 1700 Appl. I&S 1766 Appl 36883 I&S 891-O82T 905-544T 90A-665T 92M-039T 92S-229T 90A-665T 96S-331T | Mountain Bell Telephone Company Mountain Bell Telephone Company Mountain Bell Telephone Company Mountain Bell Telephone Company Mountain Bell Telephone Company U.S. West Communications U.S. West Communications U.S. West Communications U.S. West Communications U.S. West Communications U.S. West Communications U.S. West Communications | 1972 (none) September 18, 1986 November 28, 1988 December 13, 1988 February 21, 1990 July 17, 1991 October 23, 1991 February 24-24, 1992 July 30-31, 1992 November 6, 1996 April 17, 1997 |

CHARLES W. KING
Appearances before State Regulatory Agencies

| State | Telecommunications Cases | | | Date of Cross-Examination |
|-------|--|---|---|---|
| | Client | Case | | |
| | | Case Number | Utility | |
| CT | Connecticut Consumer Counsel CT Cellular Resellers Assn. CT Cellular Resellers Coalition AT&T Connecticut Consumer Counsel Connecticut Consumer Counsel | 770526 89-12-05 94-03-27 AT&T/SNET Arbitration 96-04-07 00-07-17 | Southern New England Telephone Co. Southern New England Telephone Co. Springwich Cellular/Bell Atlantic Southern New England Telephone Co. Southern New England Telephone Co. Southern New England Telephone Co. | November 10, 1977 (none) May 16, June, 1994 Filed October 28, 1996 February 10, 1998 December 5, 2000 |
| DC | D.C. People's Counsel D.C. People's Counsel General Services Administration General Services Administration General Services Administration General Services Administration | 729 798 827 854 850 926 | Chesapeake & Potomac Tel. Co. Chesapeake & Potomac Tel. Co. Chesapeake & Potomac Tel. Co. Chesapeake & Potomac Tel. Co. Chesapeake & Potomac Tel. Co. Chesapeake & Potomac Tel. Co. | May 13, 1980 July 18, 1983 May 7, 1985 April 16, 1987 October 7, 1991 October 7, 1993 |
| DE | Public Service Commission Federal Executive Agencies Public Service Commission | Depr.Repre 86-20 Depr.Repre | Diamond State Telephone Co. Diamond State Telephone Co. Diamond State Telephone Co. | April 1, 1985 July 31, 1987 March 8, 1988 |
| FL | GTE Sprint Communications Company Office of Public Counsel Federal Executive Agencies Federal Executive Agencies Federal Executive Agencies | 720536-TP Depr.Repre 880069-TL 880069-TL 880069-TL | All Telephone Companies Southern Bell Southern Bell Southern Bell Southern Bell | September 12, 1983 July 30, 1986 July 21, 1988 November 30, 1990 February 11, 1992 |
| GA | Georgia Attorney General Federal Executive Agencies Federal Executive Agencies Georgia Public Service Commission | 3893-U 3905-U 3987-U 4018-U | Southern Bell Telephone Co. Southern Bell Telephone Co. Southern Bell Telephone Co. Southern Bell Telephone Co. | January 8, 1990 June 12, 1990 February 13, 1992 Jan 14, Feb 10, 1993 |
| HI | Hawaii Public Utility Commission Four Hawaii Counties Department of Defense Department of Defense Department of Defense Department of Defense | 1871 4588 7579 94-0093 7702 94-0298 7720 | Hawaiian Telephone Company Hawaiian Telephone Company Hawaiian Telephone Company Oceanic Communications All Communications Carriers GTE Hawaiian Telephone Company Verizon-Hawaii | July 8, 1971 December 15, 1983 April 26, 1994 March 13, 1995 June 2, 1995 May 7, 1996 November 15, 2000 |

CHARLES W. KING
Appearances before State Regulatory Agencies

| State | Telecommunications Cases | | | Date of Cross-Examination |
|-------|--|--|---|--|
| | Client | Case | | |
| | | Case Number | Utility | |
| ID | U.S. Department of Energy U.S. Department of Energy | U-1000-63 U-1000-70 | Mountain Bell Telephone Co. Mountain Bell Telephone Co. | May 16, 1983 March 6, 1984 |
| IL | Illinois Alarm Companies Attorney General of Illinois GTE Sprint Communications Co. Federal Executive Agencies | 79-0143 81-0478 83-0142 89-0033 | Illinois Bell Telephone Illinois Bell Telephone All Telephone Companies Illinois Bell Telephone | September 26, 1979 December 28, 1981 August 4, 1983 June 12, 1989 |
| KS | State Corporation Commission Federal Executive Agencies Federal Executive Agencies | Depr. Repr. 166.856-U 190, 492 | Southwestern Bell Southwestern Bell All Telephone Companies | May 12-14, 1986 November 7, 1989 November 4, 1994 |
| KY | Kentucky Cable Telecommunications Assn. Kentucky Cable Telecommunications Assn. | 2000-414 2000-39 | Blue Grass Energy Cooperative Cumberland Valley Electric, Inc. | January 11, 2001 January 11, 2001 |
| MD | Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Federal Executive Agencies Federal Executive Agencies Federal Executive Agencies | 6813 6881 7025 7467 7851 8106 8274 | C&P Telephone Company C&P Telephone Company C&P Telephone Company C&P Telephone Company C&P Telephone Company C&P Telephone Company C&P Telephone Company | 1975 December 17, 1975 March 15, 1975 October 20, 1981 March 20, 1985 May 9, 1988 August 2, 1990 |
| MI | Michigan Attorney General Michigan Attorney General | U-8911 U-9553 | Michigan Bell Telephone Co. AT&T Communications/MCI | November 7, 1988 December 4, 1990 |
| MN | GTE Sprint Communications Co. U.S. Department of Defense | 83-102-HC 87-021-BC | All Telephone Companies Northwest Bell Telephone Co. | August 5, 1983 (none) |

CHARLES W. KING
Appearances before State Regulatory Agencies

| State | Telecommunications Cases | | | Date of Cross-Examination |
|-------|---|--|---|--|
| | Client | Case | | |
| | | Case Number | Utility | |
| MO | GTE Sprint Communications Co. Federal Executive Agencies Federal Executive Agencies | TR83-253 TC-89-14 TO-89-56 | Southwestern Bell Tel. Co. Southwestern Bell Tel. Co. Southwestern Bell Tel. Co. | September 5, 1983 (none) November 7, 1990 |
| MS | Federal Executive Agencies | U-5453 | South Central Bell Tel. Co. | May 15, 1990 |
| NJ | Department of Public Advocate Department of Public Advocate Department of Public Advocate Department of Public Advocate Department of Public Advocate | Depr.Repr. 815-458 Depr.Repr. Depr.Repr. T092030358 TMO05080739 | N.J. Bell Telephone Company N.J. Bell Telephone Company N.J. Bell Telephone Company N.J. Bell Telephone Company N.J. Bell Telephone Company United Telephone Co. of New Jersey | Mar-79 October 15, 1981 March 1, 1982 February 1, 1985 September 30, 1992 January 5, 2006 |
| NM | New Mexico Corporation Commission New Mexico Corporation Commission | 1032 86-151-TC | Mountain Bell Telephone Co. General Telephone of Southwest | November 14, 1983 February 5, 1987 |
| NV | Prime Cable of Las Vegas Prime Cable of Las Vegas | 95-8034/8035 96-9035 | Central Telephone - NV Sprint/Centel, Nevada Bell | Filed November 22, 1995 June 2, 1997 |
| NY | Holmes Protection, Inc. Holmes Protection, Inc. 5 Alarm Companies GTE Sprint Communications Co. | 27350 27469 27710 28425 | New York Telephone Company New York Telephone Company New York Telephone Company All Telephone Companies | October 17, 1978 May 17, 1979 July 24, 1980 July 8, 1983 |
| PA | City of Philadelphia | R-832316 | Pennsylvania Bell Telephone | September 20, 1983 |
| SC | Office of Consumer Advocate Office of Consumer Advocate Office of Consumer Advocate Office of Consumer Advocate Office of Consumer Advocate | Depr.Repr. 86-511-C 86-541-C Depr.Repr. 89-180-C | Southern Bell Southern Bell General Telephone of South Southern Bell ALLTEL of South Carolina | July 1, 1986 December 11, 1986 April 8, 1987 July 10, 1989 September 26, 1989 |

CHARLES W. KING
Appearances before State Regulatory Agencies

| State | Telecommunications Cases | | | Date of Cross-Examination |
|-------|---|--|--|--|
| | Client | Case | | |
| | | Case Number | Utility | |
| TX | U.S. Department of Defense | 8585/8218 | Southwestern Bell Telephone Co. | (none) |
| VA | U.S. Dept. Of Defense, GSA, et Federal Executive Agencies | 19696 PUC 890014 | C&P Telephone Company All Telephone Companies | October 6, 1976 February 13, 1989 |
| VI | V.I. Department of Commerce V.I. Public Service Commission | 205 341 | Virgin Islands Telephone Co. Virgin Islands Telephone Co. | April 29, 1980 March 20, 1991 |
| WA | U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense WA Attorney General/TRACER U.S. Department of Defense U.S. Department of Defense WA Attorney General/TRACER WA Attorney General/TRACER U.S. Department of Defense WA Attorney General/WeBTEC/AARP WA Attorney General WA Attorney General | U-72-39 U-87-796-T U-88-20524 U-89-2698-F UT-940641 UT-941464 UT-951425 UT-961632 UT-021120 UT-040788 UT-040520 UT-050814 | Pacific Northwest Bell Pacific Northwest Bell Pacific Northwest Bell US West Communications US West Communications US West Communications US West Communications GTE Northwest, Inc Qwest Communications Verizon Northwest, Inc. Verizon Northwest, Inc. Verizon - MCI Merger | 1973 December 20, 1983 November 8, 1988 November 28, 1989 Filed October 14, 1994 June 22, 1995 January 22, 1996 Filed June 23, 1997 July 29, 1997 May 22, 2003 August 12, 2004 February 2, 2005 November 2, 2005 |
| WI | GTE Sprint Wisconsin Consumers Utility Board Wisconsin Consumers Utility Board | 6720-TR-38 2055-TR-102 5846-TR-102 | All Telephone Companies CenturyTel of Central Wisconsin Telephone USA, LCC | October 20, 1983 June 26, 2002 June 26, 2002 |

CHARLES W. KING
Appearances before Federal Regulatory Agencies

| Federal Communications Commission | | | | |
|--|--|---|---|--|
| Client | Docket | Subject | Date of Cross-Examination | |
| Department of Defense Airline Parties Airline Parties National Data Corporation Press Wire Services Aeronautical Radio Department of Defense State of Hawaii International Record Carriers ITT World Communications Aeronautical Radio MCI Ind. Data Com. Mfg. Assn. Tymnet, Inc. Adelphia Jones Intercable, et. al. Adelphia Jones Intercable, et. al. Adelphia Jones Intercable, et. al. | 16020 16258 18128 19989 19919 20814 20690 21263 CC78-97 CC84-633 CC78-72 CC84-800 CC85-26 ENF84-22 Bell Atlantic Bell Atlantic Bell Atlantic | Consat Rate of Return Bell System Rates TELPAC WATS Private Line Rates Private Line Rates 1.544 Mbps Service Interstate Separation Telex/TWX Rates Rate of Return Access Line Charges Rate of Return AT&T Accounting Plan Packet Switching Costs Video Dialtone Video Dialtone Video Dialtone | 1973 July 22, 1968 3/22, 10/15 1971, Feb. 22, 1972 (none) (none) October 5, 1978 January 30, 1979 February 7, 1979 March 6, 1980 (none) (none) (none) (none) (none) Filed 7/29/94 Filed 8/23/94 Filed 2/21/95 | |
| Nuclear Regulatory Commission | | | | |
| Fauquier League for Environment Protection | 50-328 50-329 | Va. Electric Power Co. | 1976 | |
| Postal Rate Commission | | | | |
| Association of Third Class Mail Users Dow Jones & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company Warshawsky & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company | R71-1 R72-1 R74-1 MC76-2 MC79-3 R80-1 C82-1 R84-1 R87-1 R90-1 MC91-1 MC91-3 | Rates Rates Rates Rate Structure Rate Structure Rates Rate Structure Postal Costs Rate Structure Costs Rate Structure Costs Pre-barcoding Discounts Palletization Discounts | 1970 1972 September 13, 1974 January 6, 1979 September 12, 1979 November 25, 1980 (none) June 14, 1984 November 2, 1987 Sept 12, Oct 10, 1990 November 19, 1991 March 2, 1992 | |

CHARLES W. KING
Appearances before Federal Regulatory Agencies

| Client | Docket | Subject | Date of Cross-Examination |
|---|---|--|---|
| U.S. Congress | | | |
| National Retail Merchants Association | House/Senate Hearings | Electric Rate Reform Legislation | 1976, 1977 & 1979 |
| National Wireless Resellers Association | House Commerce Committee | Interconnection & Resale of Wireless Services | October 12, 1995 |
| Federal Maritime Commission | | | |
| State of Hawaii Foss Alaska Line Palmetto Shipping and Stevadoring | 71-18 79-54 85-20 | Ocean Shipping Rates Barge Rate Increase Vessel Charge Liability | October-71 July 1979 October 27, 1986 |
| Interstate Commerce Commission - Surface Transportation Board | | | |
| Western Coal Traffic League Western Coal Traffic League Western Coal Traffic League Arkansas Power & Light Co. Central Illinois Light Co. Western Coal Traffic League Snively King Majors O'Connor & Lee, Inc. Williams Energy Services, Inc | Ex Parte 349 Ex Parte 357 Ex Parte 375 (Sub 1) 37276 37450 Ex Parte 347 Ex Parte 664 Ex Parte 582, Sub 1 | R.R. Rate Increase R.R. Rate Increase R.R. Rate Increase Cost of Capital Cost of Capital Costing Methods Cost of Capital Rail Merger Guidelines | May-76 Oct-78 June 1, 1980 (none) March 10, 1981 (none) December 8, 2006 April 5, 2001 |
| Civil Aeronautics Board | | | |
| Thomas Cook, Inc. | 36595 | Air Fare Deregulation | (none) |
| Copyright Royalty Tribunal | | | |
| Public Broadcasting Service | 88-2-86CD | Television Valuation | (none) |

CHARLES W. KING
Appearances before Federal Regulatory Agencies

| Client | Docket | Subject | Date |
|--|--------------|--------------------------------------|------------------------------|
| Federal Energy Regulatory Commission | | | |
| Exxon USA Consumer Advocates of DE,DC,OH,MD,NJ,PA,WV,VA Consumer Advocates of DE,DC,OH,MD,NJ,PA,WV Maryland Office of People's Counsel Maryland Office of People's Counsel | OR89-2-000 | Pipeline Quality Bank | October 18, 1990 |
| | ER08-386-000 | Electric Transmission Cost of Equity | March 26, 2008 |
| | ER08-23-000 | Electric Transmission Cost of Equity | May 21, 2008 |
| | ER08-686-01 | Electric Transmission Cost of Equity | April 7, 2008; July 8, 2008, |
| | ER08-1329 | Electric Transmission Cost of Equity | August, 2008 |
| Canadian Transport Commission | | | |
| <p style="text-align: center;">Rail Costing Inquiry, 1967-1969 Telecommunications Costing Inquiry, 1972-1975</p> | | | |

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July 21, 2009

Via Hand Delivery

Sandra S. Squire
Executive Secretary
Public Service Commission
201 Brooks Street
Charleston, West Virginia 25323


Re: Case No. 09-0871-T-PC

Dear Ms. Squire:

Pursuant to Rule 13.6.c of the Commission's Rules of Practice and Procedure, C.S.R. § 150-1-13.6.c, please find enclosed for filing, on behalf of the Joint Applicants in this proceeding one (1) copy of the **Responses To The First Set Of Interrogatories, Data Requests Or Requests For Information, Filed July 7, 2009, By The Communications Workers Of America, AFL-CIO** in the above-referenced matter.

Thank you for your attention to this matter.

Very truly yours,


Joseph J. Starsick, Jr.
(State Bar I.D. #3576)

JJSjr/sc
Enclosure

cc: Jeffrey Ray, Esq. (with enclosure)
Vincent Trivelli, Esq. (with enclosure)
Lisa Wansley-Layne, Esq. (with enclosure)
Steven Hamula, Esq. (with enclosure)
Pat Pearlman, Esq. (with enclosure)
Amanda M. Ream, Esq.
James Kelsh, Esq.

New FairPoint CEO seeks to avoid bankruptcy filing

July 1, 2009 3:01 PM ET

AP Associated Press

PORTLAND, Maine (AP) - The new head of FairPoint Communications said Wednesday the company will have to make some big changes to get out of its financial pinch, but he's optimistic it won't have to file for bankruptcy reorganization.

In his first day on the job, David Hauser acknowledged that FairPoint's reputation has been damaged by operational problems it has had since it took over Verizon Communications Inc.'s landline telephone and Internet business in northern New England.

He said fixing the company's problems requires restructuring debt, getting operations to run smoothly, cutting costs and listening to customers.

"I firmly believe I have a good shot at righting the ship," Hauser said in a phone interview from company headquarters in Charlotte, N.C.

FairPoint is now seeking to postpone a bond interest payment due in October on debts totaling \$531 million. If it can't be put off, the company might seek alternative debt-restructuring plans, which could include bankruptcy, FairPoint said in a Securities and Exchange Commission filing last week.

"I have every intention of taking the steps we need to take without going through bankruptcy," Hauser said. "But that depends on other people also, like the debt holders."

FairPoint owns and operates 32 phone companies in 18 states, with a total of 1.7 million lines. Most of them are in northern New England, where last year it bought Verizon's assets in Maine, New Hampshire and Vermont for \$2.3 billion.

Since taking total control of the Verizon system last winter, FairPoint has been plagued by customer service, billing and other operational problems.

The company's subscriber access line count fell roughly 200,000 in the 12-month period ending March 31. Now, with falling revenues brought on by a shrinking customer base and bill collection problems, the company says it might not be able to make its October interest payment.

If the company is forced into bankruptcy it would be able to restructure financially, which probably wouldn't have a direct impact on customers, said Andrew Hagler, director of telephone utility industries at the Maine Public Utilities Commission.

"It certainly wouldn't be a liquidation," Hagler said. "And in that context, continuing to provide service, continuing to bill for service and continuing to collect payment for service is entirely consistent with the interests of creditors."

Hauser took over as Fairpoint's chairman and chief executive officer after working for 35 years at Duke Energy Corp., most recently as its chief financial officer. He replaces FairPoint co-founder Eugene Johnson, who retired Tuesday.

CERTIFICATE OF SERVICE

I hereby certify that on 30 July 2009, I will serve a copy of the foregoing document, together with this Certificate of Service, upon the following parties, by causing a copy hereof to be delivered by United States, postage prepaid mail or electronically mailed and properly addressed to each such party.

Executed July 29, 2009, at Arlington, Virginia.


TERRANCE A. SPANN
Attorney for DOD/FEA

RECEIVED
JUL 31 PM 2:30
U.S. DEPT. OF JUSTICE
CIVIL RIGHTS DIVISION

Service List For Docket 2009-220-C

Summary: Joint Application of Frontier Communications Corporation, New Communications of the Carolinas, Incorporated, New Communications Online and Long Distance, Incorporated, Verizon South, Incorporated, Verizon Long Distance, LLC and Verizon Enterprise Solutions, LLC for Approval of the Sale of Assets and the Transfer of Authority and Certificates

Industry: Telecommunications

Opened: 6/01/09

Representatives

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Frontier Communications
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Mound, MN, 55364

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